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CENTRAL INTELLIGENCE AGENCY

REPORT NO.

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INFORMATION REPORT

COUNTRY

Austria

SUBJECT

Nationalization of Austrian
Electro-Technical Industry**CONFIDENTIAL**

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- About the end of March 1948, in pursuit of a plan of the Ministry for Property Control and Economic Planning for nationalizing the Austrian electrical industry, questionnaires were sent out to all Austrian electrical concerns. These forms contained questions relating to present capacity, present production, financial status, domestic and foreign markets, origin of raw materials, amount of raw materials needed through 1952, and probable production each year for the next five years. They were to be returned to the Ministry completed within forty-eight hours after receipt.
- On the basis of these questionnaires, a meeting was held on 3 April 1948, at which the administrative council of the newly founded Oesterreichische Elektro-Maschinenbau AG discussed a production plan previously worked out by the Ministry. According to this plan, 350,000 three-phase electric motors from one to ten horsepower were to be produced by the Austrian electrical industry in the next five years. Of this number, forty percent would come from the new OeEMAG plant, and sixty percent from Elm AG. This quantity was to be increased as soon as an export demand was created. **Comment:** OeEMAG was erroneously reported as EMAG. Although no goal was set for the production of larger motors, some members of the committee held out great hope for the future. **Comment:** The principal difficulty in production of the larger motors is the long period required to manufacture them, also the number that can be produced and used depends on the future development of Austrian electrification.)

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- One member of the committee pointed out that this number of motors was extremely high for Austria, and that the questionnaires on which it was based presented a totally false picture; they had asked questions which could not possibly be answered and certainly not in the very limited time allotment, which excluded even practical approximations. It was further pointed out that Austria's domestic need for motors of this size was a maximum of 10,000 to 15,000 per year, and that no export possibilities existed at the present time because many former markets had been lost during the war. Furthermore it was objected, a great many of the necessary machine tools had been lost, and most of the remaining machinery was old and in need of repair. Another member of the committee remarked that merely to run the number of motors suggested, Austria would need an additional three billion kilowatt hours of current; however, at the present rate of growth, only one-half billion per year

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25X1 can be expected; consequently, for this reason alone, production of 350,000 electric motors was ridiculous. [] Comment: It can be assumed, however, that a large proportion of the new motors manufactured would serve to replace machines now overage.)

4. On 5 April 1948 another meeting was held in which the question was reviewed and the production figures revised downward. It was decided that, in the next five years, Austria should produce a maximum of 200,000 electric motors from one to ten horsepower, production of which would be divided equally between Elin AG and the new OeEMAG. It was admitted that even this number was too high for domestic demand, and therefore would be reached only if export markets could be developed.

25X1 5. At the 5 April 1948 meeting, an "electro-planning group" was also appointed to consider all questions of further expansion of the Austrian electrical industry and to establish a sound basis for such future planning. The planning group consists of Director Demmer, Director Brazda, Director Zehetner, Director David, Engineer Kozik for the Union, Secretary of State Mantler and Dr. Schmid for the Planning Ministry, and other technical experts in the industry. The group is currently concerned with the problem of whether the GEBAL motor - the type chosen for future production - is not already outmoded by later types. [] Comment: Presumably the "electro-planning group" is an additional body in the already top-heavy administrative machinery for nationalization planning.)

25X1 6. The government has furnished approximately 20,000,000 schillings to the board of directors of OeEMAG with which to put the enterprise on a producing basis. Directors Rupp and Brazda have been charged with obtaining necessary machine tools some of which have already been ordered from the A.F.M. - AG in Steyr. [] Comment: If the production of electric motors is actually to be undertaken by OeEMAG, it is estimated that about 4,000,000 schillings worth of machine tools will be required. Furthermore, if the production is to reach 20,000 motors yearly, a renovation of one of the factory buildings is seen as absolutely necessary. This would necessitate an initial outlay of 1,400,000 schillings for wooden paving blocks alone. The cost of workers' dwellings is estimated at another 2,000,000 schillings.)

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